Better Marketing

Division of Marketing and Marketing Agreements

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NEW MARKETING PLAN FOR SOUTHEAST MELONS

Agreement Program Designed to Prevent Market Gluts and to Improve Quality of Watermelons Shipped

A marketing agreement and order for handlers of watermelons grown in Florida, Georgia, North Carolina, and South Carolina became effective May 12.

The program is designed to improve returns to growers by preventing market gluts during the watermelon shipping season, and by regulating the quality of melons shipped to market. The agreement was signed by handlers who represent approximately three-fourths of the total quantity of watermelons shipped from the 4 States last year. The order, which embodies the provisions of the agreement, was issued by the Secretary of Agriculture on the basis of a determination that its issuance was favored by growers who produced for market more than two-thirds of the quantity of watermelons marketed from these southeastern States last year.

The marketing agreement and order is designed to replace the marketing program which has been in effect for the southeastern watermelon industry since August 1934 under a marketing agreement and license. The new program was considered at a series of public hearings held in the southeastern States during January and February of this year.

Administration of the program is through a control committee of 6 growers and 6 handlers.

Under the program, it is possible for the southeastern watermelon industry to require inspection of melons before shipment, and hold off the market those low

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Hearing May 29 on New Program For Colorado Peach Industry

A public hearing on a proposed marketing agreement and order for handlers of fresh peaches grown in Mesa and Delta Counties of Colorado, will be held May 29 at Grand Junction, Colo.

The proposed agreement and order would replace a marketing agreement for the industry which has been in effect since November 1934. The new program was requested by representatives of growers and shippers of peaches grown in the two counties.

Principal provisions of the proposed agreement and order govern the regulation of shipments by grades and sizes; price filing and posting; and establishment of a control board of 13 members for the administration of the program.

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OFFICIALS OF THREE STATES HOLD BOSTON MILK ORDER VITAL TO NEW ENGLAND'S DAIRY INDUSTRY

Support of the milk-marketing program in effect in the Boston, Mass., marketing area through an order issued by the Secretary of Agriculture under the provisions of the Agricultural Adjustment Act as amended last August, is expressed in briefs filed with the Federal District Court in Boston by officials of three New England States and major farm organizations of the region.

The briefs were filed on May 4 on behalf of the Federal Government's petition for an injunction against 28 milk handlers alleged to have violated the Boston milk order by underpaying producers for their milk. Other charges include failure to report receipts and sales of milk bought in each delivery period.

Hearing on May 22

The case, scheduled to be heard on May 4, was postponed by the court because a crowded docket on that day did not allow sufficient time for an adequate presentation of the facts involved. The court postponed the case until May 22, when arguments for a temporary injunction will be heard.

Briefs in support of the Federal Government's efforts to obtain compliance with the Boston milk order were filed by Gov. Charles M. Smith, of Vermont; Gov. H. Styles Bridges, of New Hampshire; and Gov. Louis J. Brann, of Maine. In addition briefs were filed by Edward H. Jones, commissioner of agriculture for Vermont; James J. Reen, secretary of the New Hampshire Milk Control Board; Harold J. Shaw, chairman of the Maine Milk Control Board. Farm organizations filing briefs included New England Dairies and the New England Milk Producers' Association, both of Boston; Cabot Farmers Cooperative Creamery, Cabot, Vt.; and the Milton Cooperative Dairy Corporation, Milton, Vt.

Points Stressed

The important points emphasized in all of the briefs are:

1. The Federal milk marketing program inaugurated under the Agricultural Adjustment Act in November 1933 has improved milk marketing conditions in the Boston milk market and increased returns to New England farmers.

2. Because of the violations of the Federal milk order, the Boston milk market is becoming demoralized to an extent which threatens to return New England's dairy industry to the chaotic conditions which existed before the program became effective.

3. Because interstate commerce is involved, the New England States by themselves cannot maintain a stable price for milk sold in the Boston market, and, therefore, the aid provided by the Federal Government through the milk order is essential to the general welfare of New England.

Three Governors Speak

In his brief, Governor Bridges said, "New Hampshire cannot hope to maintain the price of milk in the State in the face of unrestricted and destructive competition in the Boston market where such a large amount of its interstate shipments are consumed. In the first place, it is questionable whether the State of New Hampshire has the power to fix the price of milk produced in New Hampshire and sold in the Greater Boston marketing area. In the second place, it is an economic impossibility for the State of New Hampshire to increase prices to its producers unless the handling of milk in the Greater Boston marketing area is properly regulated.

"Some uniform plan is necessary for regulating the handling of milk produced

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MARKETING AGREEMENT FOR FLORIDA CITRUS

Program Seeks to Improve Returns to Growers Through Adjusting Shipments to Market

A marketing agreement and order for the Florida citrus industry became effective May 8. The agreement was signed by handlers who shipped more than 50 percent of the oranges, grapefruit, and tangerines shipped during the 1934–35 season. The order embodying the terms of the agreement, was issued by the Secretary of Agriculture after determining that growers who produced more than two-thirds of the Florida citrus fruit shipped to market during the 1934-35 season favored its issuance.

The program provided for is designed to adjust shipments of Florida oranges, grapefruit, and tangerines in interstate commerce and to Canada more nearly in accordance with demand conditions, so that returns to growers may be increased. Important provisions of the agreement and order are regulation of the quantity of fruit shipped, limitation of shipments by size and grade, and establishment of a control committee to administer the program.

The 11 members of the Florida Citrus Commission constitute the control committee in charge of administering the program.

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JESSE W. TAPP, *Director*

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AGRICULTURAL ADJUSTMENT ADMINISTRATION
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NATHAN KOENIG, *Editor*, BETTER MARKETING

BOSTON MILK ORDER

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in the five or more States for sale in the Greater Boston marketing area", Governor Bridges said. "A scheme for the various States to adopt a plan independent of the Federal Government would not only be open to question, but the administrative problems would be almost impossible to overcome. All the present State laws would have to be rewritten to be consistent with each other. Peculiar circumstances of the various States would make it almost impossible for them to come to an agreement on all points without a mediator. The present Federal program is acceptable to the State of New Hampshire and the control board realizes the necessity of its continuance, as the New Hampshire Milk Control Board alone is powerless to insure New Hampshire farmers an adequate price for their milk."

Governor Bridges pointed out that more than 46 percent of the total cash income from all farm production in New Hampshire comes from milk.

Governor Smith of Vermont, in his brief, expressed the opinion that if the milk dealers charged with violating the order are not compelled to comply, "the Boston milk market will crumble, with disastrous effect upon the interstate and intrastate commerce in milk and cream of the State of Vermont."

The brief filed by Governor Brann of Maine pointed out that "the State of Maine, by means of a State milk-control act, the creation of the Milk Control Board, the establishment of fair practices and prices covering intrastate milk, has endeavored in every way in its power to alleviate the condition of the dairy farmers, but it has become apparent that it is impossible for the intrastate business to be regulated and prices to be fixed for milk sold within the State of Maine unless the State regulations are supported by a Federal milk program."

The Federal milk program, Governor Brann's brief said, has improved marketing conditions and prices to farmers. He said it was "essential to the prosperity of the dairy farmers of the State, and, therefore, important to the welfare of the State as a whole" that the order be kept in effect in the Boston market.

The brief filed by Mr. Jones, commissioner of agriculture of Vermont and a member of that State's milk-control board, said the Federal program in the Boston milk market had resulted in an increase of several million dollars in returns to Vermont farmers.

Program Aids Vermont

Commissioner Jones said in his brief, "the continuance of the Federal order is necessary because Boston represents Vermont's largest interstate market for its milk, and because the conditions in the Boston market are the most important factor in fixing prices of milk to be received by producers for milk sold in the Vermont market."

The brief said "the present Federal program has been accepted as sound and necessary and has been found satisfactory by the great majority of the dairymen of the State of Vermont."

The Federal milk-marketing program was put into effect at the request of the industry, Commissioner Jones pointed out. "In 1933 the producers of this State, along with the producers in those of other States producing milk for sale in the Boston market, sent their representatives to Washington to solicit the Federal Government's aid in establishing some program for the uniform regulation of all milk produced for sale in the Greater Boston marketing area. The Federal Government, after holding a public hearing on a proposed plan, at which hearing were present, among others, producers, representatives of producers, and handlers of milk produced in the State, came to the assistance of this and other States by means of a marketing agreement and license issued by the Secretary of Agriculture of the United States, effective on November 3, 1933.

"This program was of immediate and great benefit to the dairy farmers in this State", Vermont's commissioner of agriculture said in his brief. "The average farm price of milk sold wholesale increased from $1.50 in 1933 to $1.74 in 1934, a 16-percent increase; gross income from the sale of dairy products increased by $2,213,000, an increase of 11.4 percent; and cash income increased $2,110,000, or 11.6 percent, over that received in 1933. During 1935, with the continuance of the Federal program, there was a continued improvement in the financial condition of the dairy farmers. The average farm price of milk sold wholesale increased to $1.97, and, although income figures for 1935 are not yet available, it is known that the figures will show a considerable improvement in the economic status of the dairy farmers of this State."

Commissioner Jones emphasized in his brief that "continuance of this Federal order now is essential if conditions are not to revert to those prevailing from 1929 to November 3, 1933."

New Hampshire and Maine

Reviewing the benefits which New Hampshire had derived from the Federal milk marketing program in the Boston market, the brief filed by Mr. Reen, secretary of the New Hampshire Milk Control Board, stated that New Hampshire, without the aid of the Federal Government, could not maintain the price of milk in the face of the competitive situation in the Boston market. The Federal milk order, it was pointed out, must be kept in effect if chaotic conditions in the Boston market are to be avoided.

This brief was concurred in by J. Ralph Graham, president of the Granite State Dairymen's Association; George M. Putnam, president of the New Hampshire Farm Bureau Federation; and Andrew L. Felker, New Hampshire's commissioner of agriculture.

Mr. Shaw, chairman of the Maine Milk Control Board, stated in his brief that the Federal milk marketing program "has taken out of the milk industry the uncertainties concerning income that previously existed." He said marketing conditions have been improved and returns to farmers increased under the program. "The Federal order must continue", Mr. Shaw's brief said, "because the Maine Milk Control Board alone is helpless to insure to Maine farmers an adequate price for their milk."

Changes For Boston Milk Order Discussed at Concord Hearing

Proposed amendments to the order for handlers of milk in the Boston, Mass., marketing area were considered at a public hearing held May 8 at Concord, N. H.

The amendments considered at the hearing relate to changes in the base rating and other provisions of the order. Consideration was given at the hearing to the advisability of a reduction in the price of class 1 milk in view of the approaching flush production period and competitive conditions in the Boston market.

Hearing May 27 on Proposed Milk Agreement for Topeka

A proposed marketing agreement for handlers of milk in the Topeka, Kans., marketing area, will be considered at a public hearing to be held May 27 in the City Building at Topeka.

The program proposed in the agreement is similar to that which has been in effect since November 1934 under a license for milk distributors in that area. Principal provisions of the proposed agreement govern the classification of milk on a use basis; the establishment of prices which handlers would pay producers for milk bought; and the operation of a market-wide pool for the equitable distribution of payments to producers. As in the case of the existing license, the agreement program would be administered by a market administrator.

SOUTHEAST MELONS

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grade or undersized melons which tend to depress market prices. Special exemptions are provided for growers who might happen to have an unusually large percentage of otherwise ineligible melons. These growers would be able to ship a percentage of their melons equal to the average percentage shipped by the other growers.

CITRUS INDUSTRY ADOPTS AGREEMENT PROGRAMS TO MEET PROBLEM OF MARKETING LARGER CROPS

Over 95 Percent of Nation's Orange and Grapefruit Yield Included Under Marketing Agreements for Two Producing Areas; Adjusting Shipments Aids Growers

The marketing of crops far in excess of those which were produced prior to the depression has been the outstanding problem confronting producers of citrus fruit in all areas during recent years.

The recent adoption of a marketing agreement program by the Florida citrus industry is a definite indication of interest that growers and shippers have in meeting this problem. With a program now in effect in Florida, and with the marketing agreement program for oranges and grapefruit grown in California and Arizona, which has been in continuous operation since January 1934, the movement to market of more than 95 percent of the United States production of oranges and grapefruit combined will be subject to shipment regulatory measures designed to improve prices and returns to producers.

Both programs provide methods of accomplishing an orderly week-to-week movement of fruit to market in order that alternate periods of market gluts and shortages may be eliminated. Thereby, more stable market conditions are established and the total movement of fruit during each period is limited so as to maintain a more favorable level of prices than would otherwise prevail. The marketing agreement and order for Florida citrus fruit, in addition, provides for regulating the shipment of inferior grades and sizes in the event such grades and sizes result in losses to growers or unduly depress the level of prices of all fruit.

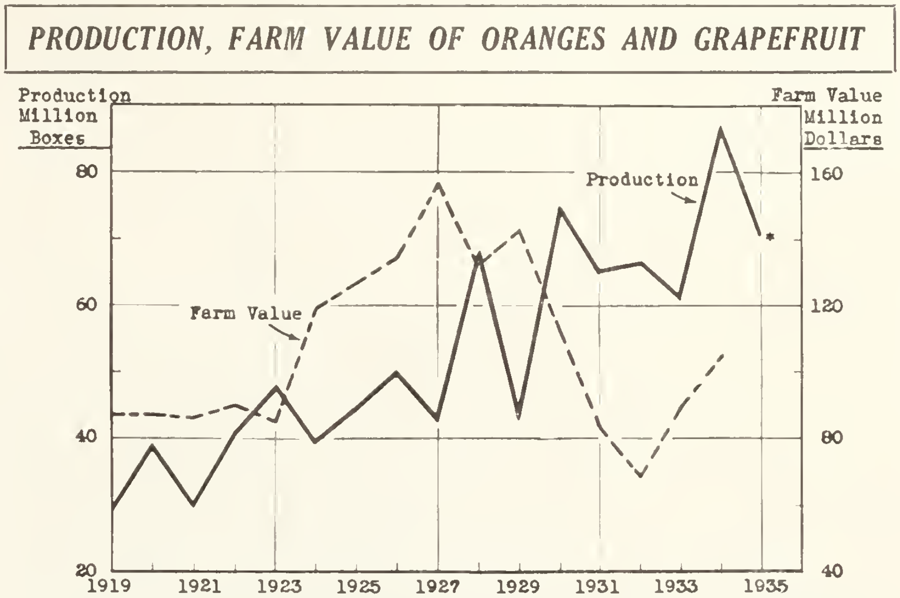
Higher Production Creates Problem

United States production of oranges and grapefruit has increased steadily during the past decade and a half. The extent of this increase may be readily observed from the accompanying graph. From 1930–31 to 1935–36, the production of oranges and grapefruit has varied between 128 percent and 180 percent of the 1924–25 to 1929–30 average production. In terms of volume, oranges and grapefruit have increased from an average of 37,340,000 boxes in the period 1919–20 to 1923–24 to 51,178,000 boxes for the 5 seasons ending 1928–29, and 66,891,000 boxes during the 4 seasons 1930–31 to 1933–34.

The combined production for the 1934–35 season was 86,294,000 boxes, or over 19,400,000 boxes greater than the average of the 4 preceding years. The 1935–36 crop, although subject to unfavorable growing conditions, is reported to be 70,873,000 boxes, representing a marked reduction from the crop of the previous season, but considerably in excess of the average production for the period 1930–31 to 1933–34, and almost 20,000,000 boxes greater than the average production for the 5-year period ending 1928–29. It is this marked increase in production which has created the important marketing problem facing the citrus industry.

Moreover, these large crops are in direct contrast to the production which has prevailed for other fruits. Apple production, for example, averaged approximately 99 percent of the 1924–29 average for the 6 seasons ending 1935. During the past 5 years than in the earlier period.

The price and returns which producers receive for a given crop depend on the nature of the consumer demand for the commodity and the charges which are incurred in preparing the commodity for market and placing it in the hands of consumers. The demand for citrus fruit is such that after deducting all the harvesting, packing, transportation, and selling charges from terminal market prices, growers receive not only lower prices but a smaller total return for a large volume marketed than for a smaller volume. This fact, together with the reduced incomes of consumers,



The above graph shows the extent to which the production of oranges and grapefruit has increased in the United States and the trend of farm value for these citrus fruits from 1919 to 1935

ing the same period other important fruit crops varied between 94 percent and 109 percent of their 1924–29 average production.

Producers' Income Reduced

Evidence of the adverse influence, which large crops in conjunction with reduced consumer income have had on returns to citrus producers in all areas, is shown by the changes in the farm values of these fruits as reported by the United States Department of Agriculture.

For the 5 crop years 1924–25 to 1928–29, the United States farm value of oranges and grapefruit averaged $133,800,000. Following the 1929–30 season, the farm value declined rapidly, and by the 1932–33 season it amounted to only $68,700,000 or 51 percent of the previous level.

Since that time there has been a material improvement. In 1933–34 the farm value was $89,600,000 and in 1934–35 it was $105,300,000. It should be noted, however, that the average farm value of oranges and grapefruit in the past 5 years was only about 66 percent of the average during the preceding 5 seasons, although production increased 42 percent. In spite of an 89 percent increase in production over the 1919–20 to 1923–24 average, the average farm value of the crops was no greater dur-

accounts for the low level of prices and returns to citrus producers in all areas during recent years.

Larger Crops in Prospect

The importance to citrus producers of a solution for the problems of marketing large crops not only arises out of the experience of recent years, but is readily seen from the fact that the citrus groves in the United States are relatively young and capable of producing even larger crops.

It is estimated by the United States Department of Agriculture that there are approximately 503,000 acres of orange trees and 192,000 acres of grapefruit trees in the four principal producing areas of Florida, California, Arizona, and Texas. Approximately 13 percent of the orange acreage and 19 percent of the grapefruit acreage have not yet come into bearing. Of the orange trees now in bearing, 26 percent are from 4 to 10 years old, 18 percent are from 11 to 15 years, and 56 percent are more than 15 years old. Approximately 58 percent of bearing grapefruit trees are from 4 to 10 years, 18 percent from 11 to 15 years, and about 16 percent are more than 15 years old. In Florida, which produces practically the entire commercial supply of tangerines, only 3 percent of the tan-

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RESTRICTIONS AFFECT WORLD BUTTER TRADE

Foreign Countries Adopt Various Measures in Efforts to Limit Imports of Butter

[*This is the third of a series of articles on world trade in butter as it relates to butter production and marketing in the United States*]

In recent years the various importing countries have adopted restrictions or increased restrictions against butter imports. These restrictions have taken the form of either higher tariffs, import quotas, exchange regulation, or a combination of these.

Restrictions on butter imports have been put into effect by the United Kingdom, Germany, France, Belgium, and Italy. These countries in 1934 received approximately 98 percent of the total imports by principal butter-buying countries.

The domestic production of butter in the United Kingdom is only about 10 percent of apparent consumption, so that that country is markedly dependent upon imports for her supplies. For many years the United Kingdom followed a free-trade policy, with no tariff or quota restrictions to affect the volume of imports of butter. In recent years, however, various measures have been adopted in the interest of domestic producers and of the butter-exporting Dominions.

United Kingdom's Restrictions

The suspension of gold payments by the United Kingdom in September 1931, while brought about by financial considerations, was the first of these measures which tended to benefit home and Dominion producers and producers in countries on the so-called sterling basis. It appears that butter exporters in the gold-standard countries were placed at a definite disadvantage as a result of the abandonment of the gold standard by the United Kingdom.

The Import Duties Act, effective March 1, 1932, tended further to restrict imports from foreign countries. Under this act a 10 percent ad valorem duty was placed on milk, cream, butter, cheese, and processed milk, while Empire supplies were exempt. On November 15, 1932, the tariff on dairy products was changed pursuant to the Ottawa Agreements Act. An import duty of 15 shillings per 112 pounds was levied on all foreign butter, while Empire supplies continued to be exempt.

In the Ottawa Agreements, the United Kingdom reserved the right, as regards dairy and poultry products, to impose import duties and quantitative restrictions on Dominion supplies, if it considered it necessary in the interests of British producers, at the end of 3 years from the time the duties went into effect, so long as preferential margins were maintained in favor of the Dominions. While, on this basis, the United Kingdom has been at liberty to impose quotas and tariffs against all external supplies since November 15, 1935, no action had been taken by the United Kingdom at the time of this writing.

During 1933, 1934, and 1935, the United Kingdom entered into trade agreements with a number of European governments. Under some of these agreements, the United Kingdom agrees, in the case imports of butter are placed under a quota system, to assign quotas to the contracting foreign countries on the basis of the volume of imports of butter from these countries in recent years. In some instances contingent quotas, which will apply if quota restrictions are established, are named. For example, a quota of 2,300,000 hundredweight (of 112 pounds) per year is assigned to Denmark. Provision is made for these quotas to be increased in the event that total imports exceed 8,100,000 hundredweight per year. The countries with whom agreements were concluded are Denmark, Norway, Sweden, Latvia, Estonia, Finland, Poland, and Lithuania.

Germany Limits Imports

Germany, while producing approximately 75 percent of the total butter consumed in that country, has for some years been the world's second largest importer of butter. Since 1930 increasing restrictions have been placed against imports of butter into that country. On November 27, 1930, the tariff was increased from 27.50 reichmarks to 50 reichmarks per 100 kilos, and on January 23, 1932, the total quantity of butter that could be imported from any country annually at the latter rate of duty was limited to 5,000 metric tons (11,023,000 pounds). Additional imports were dutiable at 100 reichmarks per 100 kilos.

On November 15, 1932, the rate of duty was increased to 75 reichmarks per 100 kilos and a quota system was established, quotas among the various butter-exporting countries being apportioned on the basis of their average exports to Germany during the period 1929 to 1931. The total quota was originally fixed at 121,000,000 pounds. In 1934 this was reduced to about 99,000,000 pounds. On September 24, 1934, additional restrictions were adopted. In order to make the quota system more effective and in order to conserve the country's supply of foreign exchange, a licensing system with respect to butter imports was established. The plan is administered by an Import Control Board cooperating with the Foreign Exchange Offices.

In addition to the basic tariff rates described above, butter imported into Germany has been subject since early in 1934 to a surcharge, the purpose of which is to bring the price of the foreign butter up to the fixed internal level.

France, Belgium, and Italy

A system of quantitative regulation of imports of butter by quotas has been in operation in France since 1931. During 1934 imports were drastically reduced and for the last 6 months of the year no quotas were allowed. In addition to the quantitative control there is levied in that country an import duty and a license tax on foreign butter. Since July 1935 a bounty has been paid, under certain conditions, on good quality butters exported to foreign countries.

The importation of butter into Belgium has been subject to quantitative regulation since April 1932. Quotas are fixed each month. Beginning in the second half of 1933, importers have been required to pay a license tax, the amount of which is fixed each month and depends on the difference between the price in the domestic and foreign markets.

Increases in the import duty on foreign butter were imposed by Italy in 1932 and in January 1934 and since October 1934, the importation of butter into Italy has been subject to quantitative restriction through the establishment of quotas. In addition, the manufacture of margarine is taxed and the sale of margarine except for direct consumption is prohibited.

CITRUS INDUSTRY

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gerine trees are nonbearing, but 46 percent of the plantings have not yet reached full bearing age.

Based on the present numbers and age distribution of orange and grapefruit trees in the United States as a whole, it appears entirely probable that unless unusual loss of trees from abandonment or weather conditions occurs, crops in excess of 60,000,000 boxes of oranges and 20,000,000 boxes of grapefruit may be expected quite frequently during the next 10 years.

Gains from Adjusting Shipments

Confronted with even larger crops to market in the future, the citrus producers in California-Arizona and Florida have come to realize that in the absence of a material improvement in the buying power of consumers, control of the volume of fruit marketed on an industry basis is essential if they are to be assured of fair prices and returns for their products.

The necessity for this united action lies in the fact that growers acting independently cannot gain from controlling the movement of their supplies to market. The volume of an individual grower has no appreciable influence on the price he receives, and consequently it is to his advantage to market his entire supply so long as his cash costs of marketing are defrayed. By such action, however, the total volume actually marketed during a given week, month, or even an entire season may far exceed the supply which would return a fair price and total return to growers as a group. Under an industry-wide program, the volume marketed can be regulated to the advantage of growers by assuring all parties an equitable share of the supplies permitted to move to market. Thus, the competition among growers to sell, which depresses prices and returns received by growers, is minimized.

With orange and grapefruit growers, individually and as a group, having no control over the level of consumer income and the volume of competing commodities, both of which have a very direct influence on the returns they receive, it would appear that effective administration of the marketing agreement programs which now involve the two major producing areas provides a definite attack on the problems associated with marketing the large citrus crops in prospect.

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